# STRATEGIC MANAGEMENT JOURNAL

EDITOR **DAN SCHENDEL**
CO-EDITOR **DEREK CHANNON**

**1992** **Volume 13**

**JOHN WILEY & SONS**
Chichester · New York · Brisbane · Toronto · Singapore
A Wiley–Interscience Publication

ISSN 0143–2095 SMAJD8 13(1–8) 1–634 (1992)

# STRATEGIC MANAGEMENT JOURNAL

Editor
**Dan Schendel,** *Krannert Graduate School of Management, Purdue University*
*West Lafayette, Indiana 47907, U.S.A.*

Co-editor
**Derek Channon,** *The Management School, Imperial College,*
*53 Prince's Gate, Exhibition Road, London SW7 2PG, U.K.*

Executive Editor
**Mary Lou Schendel**

EDITORIAL BOARD

**David Aaker**
U. of California, U.S.A.

**Raphael Amit**
U. of British Columbia, Canada

**H. Igor Ansoff**
US International, U.S.A.

**Jay B. Barney**
Texas A&M, U.S.A.

**Christopher A. Bartlett**
Harvard U., U.S.A.

**Richard A. Bettis**
SMU, U.S.A.

**Arvind Bhambri**
U. of Southern California, U.S.A.

**Sue Birley**
Imperial College, U.K.

**Edward H. Bowman**
Wharton, U.S.A.

**Robert Burgelman**
Stanford U., U.S.A.

**Filip Caeldries**
New York U., U.S.A.

**Colin Camerer**
U. of Chicago, U.S.A.

**Balaji Chakravarthy**
U. of Minnesota, U.S.A.

**Alfred D. Chandler, Jr.**
Harvard U., U.S.A.

**Sayan Chatterjee**
Case Western Reserve U., U.S.A.

**Kathleen R. Conner**
U. of Michigan, U.S.A.

**Karel Cool**
INSEAD, France

**Arnold C. Cooper**
Purdue U., U.S.A.

**George S. Day**
Wharton, U.S.A.

**Yves Doz**
INSEAD, France

**Jan Eppink**
Vrije Universiteit, Netherlands

**Avi Fiegenbaum**
U. of Michigan, U.S.A.

**Peter FitzRoy**
Monash, Australia

**Therese Flaherty**
Harvard U., U.S.A.

**James Fredrickson**
U. of Texas, U.S.A.

**Pankaj Ghemawat**
Harvard U., U.S.A.

**Michel Ghertman**
Groupe HEC, France

**Sumantra Ghoshal**
INSEAD, France

**Rob Grant**
Cal Poly, U.S.A.

**Peter H. Grinyer**
St. Andrews U., Scotland

**William Guth**
New York U., U.S.A.

**Donald C. Hambrick**
Columbia U., U.S.A.

**Gary Hamel**
London Business School, U.K.

**Philippe Haspeslagh**
Harvard Business School, U.S.A.

**Gunnar Hedlund**
Stockholm School of Economics, Sweden

**W. Harvey Hegarty**
Indiana U., U.S.A.

**Constance Helfat**
Wharton, U.S.A.

**Bruce D. Henderson**
Vanderbilt U., U.S.A.

**Rebecca Henderson**
M.I.T., U.S.A.

**Jean Francois Hennart**
U. of Illinois, U.S.A.

**Charles Hill**
U. of Washington, U.S.A.

**Robert Hoskisson**
Texas A&M, U.S.A.

**David Hurst**
Federal Industries Metals Group, Canada

**David B. Jemison**
U. of Texas, U.S.A.

**Gerry N. Johnson**
Cranfield, U.K.

**Aneel Karnani**
U. of Michigan, U.S.A.

**Robert K. Kazanjian**
Emory U., U.S.A.

**James N. Kelly**
MAC, U.K.

**Bruce Kogut**
Wharton, U.S.A.

**Robert T. Lenz**
Indiana U., U.S.A.

**Wilbur G. Lewellen**
Purdue U., U.S.A.

**Marvin Lieberman**
UCLA, U.S.A.

**Michael Lubatkin**
U. of Conn., U.S.A. & ESC Lyon, France

**Ian MacMillan**
Wharton, U.S.A.

**Joseph Mahoney**
U. of Illinois, U.S.A.

**John McGee**
Templeton College, U.K.

**Leif Melin**
Linkoping U., Sweden

**Danny Miller**
HEC and McGill U., Canada

**Henry Mintzberg**
McGill U., Canada

**Will Mitchell**
U. of Michigan, U.S.A.

**Edwin Murray**
Boston U., U.S.A.

**William E. Newman**
Columbia U., U.S.A.

**David Norburn**
Imperial College, U.K.

**Max D. Richards**
Rollins U., U.S.A.

**William T. Robinson**
U. of Michigan, U.S.A.

**Richard P. Rumelt**
UCLA, U.S.A.

**Garth Saloner**
Stanford U., U.S.A.

**Malcolm S. Salter**
Harvard U., U.S.A.

**Paul Schoemaker**
U. of Chicago, U.S.A.

**Hans Schollhammer**
UCLA, U.S.A.

**Charles Schwenk**
Indiana U., U.S.A.

**Mark Shanley**
Northwestern U., U.S.A.

**Dennis Sheehan**
Purdue U., U.S.A.

**Harbir Singh**
Wharton, U.S.A.

**Charles C. Snow**
Penn State, U.S.A.

**J.-C. Spender**
Rutgers U., U.S.A.

**John Stopford**
London Business School, U.K.

**Raymond-Alain Thietart**
U. of Paris Dauphine & ESSEC, France

**Howard Thomas**
U. of Illinois, U.S.A.

**Hans Thorelli**
Indiana U., U.S.A.

**N. Venkatraman**
M.I.T., U.S.A.

**James P. Walsh**
U. of Michigan, U.S.A.

**Rod White**
U. of Western Ontario, Canada

**Gary Willard**
U. of Illinois, U.S.A.

**Jeffery Williams**
Carnegie-Mellon U., U.S.A.

**Dennis Yao**
Wharton, U.S.A.

**Edward Zajac**
Northwestern U., U.S.A.

Copyright © 1992 by John Wiley & Sons, Ltd.

**COPYING OF ARTICLES**

The code and the copyright notice appearing at the bottom of the first page of an article in this journal indicates the copyright owner's consent that copies of the article may be made for personal or internal use, or for the personal or internal use of specific clients, on the condition that the copier pay for copying beyond that permitted by Sections 107 or 108 of the U.S. Copyright Law. The per-copy fee for each article appears after the dollar sign, and is to be paid through the Copyright Clearance Center, Inc. This consent does not extend to other kinds of copying, such as copying for general distribution, for advertising or promotional purposes, for creating new collective works, or for resale. Such permission requests, or other inquiries, should be addressed to the publisher.

*Strategic Management Journal, Vol. 13, iii–vi (1992)*

# Contents

Volume 13, Issue Nos. 1–8

ISSUE NO. 1, January 1992

**Identifying Mobility Barriers**: *R. E. Caves and P. Ghemawat* ..... 1

**Power Plays: Regulation, Diversification, and Backward Integration in the Electric Utility Industry**: *M. V. Russo* ..... 13

**The Diffusion of Technological Innovation in the Commercial Banking Industry**: *J. M. Pennings and F. Harianto* ..... 29

**U.S. National Security Export Controls: Implications for Global Competitiveness of U.S. High-tech Firms**: *A. Parkhe* ..... 47

**Factors Influencing Wealth Creation from Mergers and Acquisitions: A Meta-analysis**: *D. K. Datta, V. K. Narayanan and G. E. Pinches* ..... 67

ISSUE NO. 2, February 1992

**Calls on High-Technology: Japanese Exploration of Venture Capital Investments in the United States**: *D. Hurry, A. T. Miller and E. H. Bowman* ..... 85

**Bureaucracy, Economic Regulation, and the Incentive Limits of the Firm**: *M. V. Russo*. 103

**Organizational Alignment as Competitive Advantage**: *T. C. Powell* ..... 119

**The Strategic Analysis of Intangible Resources**: *R. Hall* ..... 135

**SBU Strategy and Performance: The Moderating Effects of the Corporate–SBU Relationship**: *B. R. Golden* ..... 145

**Buyer–Supplier Relations in the UK Automotive Industry: Strategic Implications of the Japanese Manufacturing Model**: *P. Turnbull, N. Oliver and B. Wilkinson* ..... 159

RESEARCH NOTES AND COMMUNICATIONS

**Design, Learning and Planning: A Further Observation on the Design School Debate**: *M. Goold* ..... 169

ISSUE NO. 3, March 1992

**The Influence of Secondary Production on Industry Definition in the Extended Vertical Market Model:** *C. H. Stiles* ..... 171

**Deregulation, Strategic Choice, Risk and Financial Performance:** *R. K. Reger, I. M. Duhaime and J. L. Stimpert* ..... 189

**Profit Center Manager Compensation: An Examination of Market, Political and Human Capital Factors:** *J. Fisher and V. Govindarajan* ..... 205

**On the Measurement of Corporate Diversification Strategy: Evidence from Large U.S. Service Firms:** *P. R. Nayyar* ..... 219

RESEARCH NOTES AND COMMUNICATIONS

**First-mover Effects in Multiple Dynamic Markets:** *B. Mascarenhas* ..... 237

ISSUE NO. 4, May 1992

**Agreement Between Top Management Teams and Expectations for Post Acquisition Performance:** *M. T. Shanley and M. E. Correa* ..... 245

**Sources of Value in Takeovers: Synergy or Restructuring — Implications for Target and Bidder Firms:** *S. Chatterjee* ..... 267

**Turnaround: Retrenchment and Recovery:** *D. K. Robbins and J. A. Pearce II* ..... 287

RESEARCH NOTES AND COMMUNICATIONS

**Development and Validation of the Strategic Locus of Control Scale:** *G. P. Hodgkinson* 311

ISSUE NO. 5, June 1992

**Cultural Differences and Shareholder Value in Related Mergers: Linking Equity and Human Capital:** *S. Chatterjee, M. H. Lubatkin, D. M. Schweiger and Y. Weber* ..... 319

**Strategic Momentum: The Effects of Repetitive, Positional, and Contextual Momentum on Merger Activity:** *T. L. Amburgey and A. S. Miner* ..... 335

**Business Unit Relatedness and Performance: A Look at the Pulp and Paper Industry:** *P. S. Davis, R. B. Robinson Jr, J. A. Pearce II and S. H. Park* ..... 349

**The Resource-based View Within the Conversation of Strategic Management:** *J. T. Mahoney and J. R. Pandian* ..... 363

**Structure and Process of Diversification, Compensation Strategy, and Firm Performance:** *L. R. Gomez-Mejia* ..... 381

ISSUE NO. 6, September 1992

**A Taxonomy of Business-level Strategies in Global Industries**: *A. J. Morrison and K. Roth* ..... 399

**Getting There in a Global Industry: Impacts on Performance of Changing International Presence**: *W. Mitchell, Y. Myles Shaver and B. Yeung* ..... 419

**Spin-off Performance: A Case of Overstated Expectations?**: *C. Y. Woo, G. E. Willard and U. S. Daellenbach* ..... 433

**Strategy Implementation: A Comparison of Face-to-Face Negotiations in the People's Republic of China and the United States**: *N. J. Adler, R. Brahm and J. L. Graham* ..... 449

RESEARCH NOTES AND COMMUNICATIONS

**The Effect of Product Recall Announcements on Shareholder Wealth**: *W. N. Davidson III and D. L. Worrell* ..... 467

**Factors in the Instability of International Joint Ventures: An Event History Analysis**: *L. L. Blodgett* ..... 475

ISSUE NO. 7, October 1992

**Structuring Cooperative Relationships Between Organizations**: *P. S. Ring and A. H. Van de Ven* ..... 483

**Order of Entry and Performance in International Markets**: *B. Mascarenhas* ..... 499

**Diversification, Vertical Integration, and Industry Analysis: New Perspectives and Measurement**: *R. Davis and I. M. Duhaime* ..... 511

**A New Productivity Paradigm for Competitive Advantage**: *R. L. Istvan* ..... 525

**Planning for Electronic Data Interchange**: *C. Holland, G. Lockett and I. Blackman* ..... 539

RESEARCH NOTES AND COMMUNICATIONS

**Strategic Planning as Competitive Advantage**: *T. C. Powell* ..... 551

ISSUE NO. 8, November 1992

**The Choice of Organizational Form: Vertical Financial Ownership Versus Other Methods of Vertical Integration**: *J. T. Mahoney* ..... 559

**The Role of Managerial Learning and Interpretation in Strategic Persistence and Reorientation: An Empirical Exploration**: *T. K. Lant, F. J. Milliken and B. Batra* ..... 585

**Are Market Pioneers Intrinsically Stronger than Later Entrants?**: *W. T. Robinson, C. Fornell and M. Sullivan* ..... 609

RESEARCH NOTES AND COMMUNICATIONS

**Corporate Restructuring and Strategic Change: The Effect on Diversification Strategy and R&D Intensity**: *R. E. Hoskisson and R. A. Johnson* ..... 625

**Volume Contents** ..... iii

**Author Index** ..... vii

SPECIAL ISSUE – Summer 1992

**Introduction to the Summer 1992 Special Issue on 'Strategy Process Research':** *D. Schendel* ..... 1

**Strategy Process Research: Focusing on Corporate Self-Renewal:** *B. S. Chakravarthy and Y. Doz* ..... 5

**Cognitive Change, Strategic Action, and Organizational Renewal:** *P. S. Barr, J. L. Stimpert and A. S. Huff* ..... 15

**Investing in New Information Technology: The Role of Competitive Posture and Issue Diagnosis:** *A. Ginsberg and N. Venkatraman* ..... 37

**Strategic Renewal and the Interaction of Cumulative Stress and Inertia:** *J. O. Huff, A. S. Huff and H. Thomas* ..... 55

**A Practice-Centered Model of Organizational Renewal through Product Innovation:** *D. Dougherty* ..... 77

**An Empirical Evaluation of the Internal Corporate Venturing Process:** *R. Garud and A. H. Van de Ven* ..... 93

**Core Capabilities and Core Rigidities: A Paradox in Managing New Product Development:** *D. Leonard-Barton* ..... 111

**Effects of Strategic Orientation and Environmental Change on Senior Management Reward Systems:** *N. Rajagopalan and S. Finkelstein* ..... 127

**An Application of Metric Conjoint Analysis for the Evaluation of Top Managers' Individual Strategic Decision Making Processes: A Research Note:** *R. L. Priem* ..... 143

**Middle Management Involvement in Strategy and its Association with Strategic Type: A Research Note:** *S. W. Floyd and B. Wooldridge* ..... 153

**Suggestions for Studying Strategy Process: A Research Note:** *A. H. Van de Ven* ..... 169

**Reviewers for the Special Issue on Strategy Process** ..... 189